

FISCAL NOTE

Bill #: SB0159

Title: Tax exemption for RR land occupied by building leased to nonprofit organization

Primary Sponsor: Johnson, R

Status: Second Reading

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Revenue:

General Fund

(\$1,073)

(\$1,073)

State Special Revenue

(\$68)

(\$68)

Net Impact on General Fund Balance:

(\$1,073)

(\$1,073)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. The amendments to the bill have no additional impact to the analysis done for the bill as introduced. However, a more thorough review of the department's records for buildings and land owned by a railroad company and leased by organizations that could be considered non-profit organizations was conducted which results in an update to the original analysis.
2. The review indicates that properties in this category paid a statewide total of \$6,343 in property taxes in TY 2002. For purposes of this fiscal note it is assumed that all of the identified properties would receive tax-exempt status. The property tax amount does not include any levies for special improvements or fees.
3. These properties are located in Billings, Livingston and Helena. The mill levies for TY 2002 were obtained from county staff for each property.
4. The property tax revenue from 95 mills is deposited in the state general fund. A calculation was performed computing the percentage of the total mills that the 95 mills comprised. There are 6 mills levied for support of the university system. The same calculation was performed.
5. In fiscal year 2004, and subsequent fiscal years, the state general fund would experience a reduction of \$1,073 if all of the potentially eligible properties on railroad properties were given a property tax-exempt status. The state special revenue account for support of the university system would experience a revenue decrease of \$68.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

On a statewide basis, local government entities would experience a reduction in property tax revenue of \$5,202 if all the identified properties were granted tax-exempt status.

Fiscal Note Request SB0159, Second Reading
(continued)

TECHNICAL NOTES:

1. Technical concerns on SB159: Currently properties are required to meet an ownership test, a use test or a combination ownership/use test to qualify as an exempt property. This bill does not require any of the exemption tests.